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COCOM Document 3901COORDINATING COMMITTEEMEMORANDUM FROM THE UNITED STATES DELEGATIONONPROPOSAL TO LIMIT VALIDITY OF IMPORT CERTIFICATESSUBCOMMITTEE ON EXPORT CONTROLSREFERENCE: COCOM Document 3868

1. This memorandum relates to the United States proposal for the agenda for the April meeting of the Export Controls Sub-Committee, with particular reference to item 2 (b) of referenced document, "Proposal to limit validity period for IC's covering specified quantities or values (COCOM Doc. Sub-C (59) 2, paras. 111 and 115)".

2. The United States Delegation proposes that the maximum period for use of an Import Certificate (IC) as a valid document in support of export license applications be limited to twelve months from the date of issuance, except for IC's issued for commodities which require a period in excess of nine months to construct, such as ships or special machine tools.

3. IC's which are limited as to quantity or value are assumed to be required for the purpose of covering a proposed export in full. In most cases where partial shipments are made against an IC, the IC's are used in full within a reasonable period of time. However, the United States authorities have noted instances where export authority is requested against the unused balance of an IC as much as two to five years after its date of issuance. This occurs because current COCOM procedures provide that once an IC has been accepted by the exporting country as a supporting document for export license applications, the IC remains valid until used in full. In the type of situation cited, governments may feel obligated to honor the IC without regard to the time factor. It is the view of the United States that the IC procedure should not apply to continuous trade in excess of a year inasmuch as certain factors pertaining to such transactions can change from those which prevailed when the IC was issued.

4. The procedure for the use of a multiple transaction IC to cover more than one proposed transaction in a specific item by a single importer was suggested by the United States in paragraph C (3) of Annex 1 to COCOM Doc. No. 1373. It was envisaged that IC's issued under this procedure would cover an estimated six or twelve months supply of the commodity and that this limitation could be stated in terms of a specified period of time without limitation as to quantity or value.

5. In practice it was found that the final expiration date was not clearly defined on a number of IC's issued without limitation as to quantity or value. Consequently, the Sub-Committee on Export Controls in its April 1958 meetings adopted a United States proposal (COCOM Doc. No. 3028) to limit the maximum validity period of such IC's to twelve months from the date of issuance (COCOM Sub-C (58) 2 paragraph 41).

6. Adoption of a maximum validity period of twelve months for all IC's would be consistent with the action previously taken with respect to IC's issued for unlimited quantities or values and would permit the respective authorities to review each case on a periodic basis in the light of current conditions.

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